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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

October 22, 1997

Mr. James Schlichting
Chief, Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 518
Washington, DC 20554

Re: Revisions to Tariff Review Plans to Incorporate Changes Pursuant to
CC Docket No. 96-262, DA 97-2207

Dear Mr. Schlichting:

Pursuant to the Commission's Public Notice, DA 97-2207, released October 15, 1997, AT&T Corp. ("AT&T") submits these comments addressing modifications to the local exchange carriers' ("LECs") Tariff Review Plans ("TRPs") as well as other supporting material that would accompany those filings. These TRPs and other necessary material will support the substantial revisions that the LECs are required to make in their January 1, 1998 interstate access tariffs, pursuant to the Commission's directives in the *Access Charge Reform* proceeding.¹ With the exceptions noted below, AT&T fully supports the Bureau's proposals in the Public Notice and believes they will facilitate a thorough review of revisions to the LECs' access tariffs. In this letter, AT&T recommends specific supporting data and information requirements and also requests that the Bureau require the price cap LECs

¹ See Access Charge Reform, CC Docket Nos. 96-262, 94-1, 91-213, 95-72, First Report and Order, FCC 97-158, released May 16, 1997, ("Access Reform Order"), pets. for review pending sub nom. Southwestern Bell Tel. Co. v. FCC, Nos. 97-2618, *et al.* (8th Cir.), Order on Reconsideration, FCC 97-247, released July 10, 1997 ("Reconsideration Order"); Second Order on Reconsideration and Memorandum Opinion and Order, FCC 97-368, released October 9, 1997 ("Second Reconsideration Order").

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to include four new charts in their 1998 TRPs and the rate-of-return ("ROR") LECs to supply certain supporting workpapers.

I. General Cost Support Requirements for Price Cap LECs

The price cap LECs' January 1, 1998 interstate filings will result in enormous amount of costs being shifted among price cap baskets, rate element categories, and individual rate elements. To determine the correct cost amounts to be reassigned per the Commission's rulings, the LECs will have to perform cost studies for each of the following items:

Line Side Port costs: These costs will be reallocated from the local switching rate element in the Traffic Sensitive basket to the Common Line basket.²

Dedicated Trunk Port and Shared Trunk Port costs: These costs will be reallocated from the local switching rate element to the new trunk port category in the Traffic Sensitive basket.³

DS1/Voice Grade Analog Local Switching Multiplexer costs: These costs will be reallocated from the Transport Interconnection Charge ("TIC") to the new trunk port category in the Traffic Sensitive basket.⁴

Host/Remote Trunking costs: These costs will be reallocated from the TIC to tandem switching rates.⁵

SS7 costs: These costs will be reallocated from the TIC to the local switching rate or to the LEC's unbundled signaling rate structure.⁶

COE Maintenance costs: These costs will be reallocated from the TIC and Common Line basket to the local switching rate.⁷

² Access Reform Order, para. 125.

³ Id., para. 127.

⁴ Id., para. 219.

⁵ Id., para. 220.

⁶ Id., para. 217.

⁷ Id., para. 223.

Marketing costs: These costs will be removed from the Common Line, Traffic Sensitive, and Trunking baskets and will be moved to a new Marketing basket.⁸

The Commission should require price cap LECs to provide detailed cost support data so that interested parties can accurately verify these costs. Essentially, all costs that the price cap LECs include in their filings must be fully explained and verifiable. The detailed cost support requirements should:

- 1) Identify data sources for all numbers used to develop costs and for costs themselves;
- 2) Identify all algorithms, formulas, and models used to develop costs;
- 3) Explain and describe all methodologies used to develop costs; and
- 4) Identify all investments, expenses, annual charge factors, and loading factors.

Additional Cost Support Requirements for Line/Trunk Port Cost Support

With respect to line/trunk port support, the price cap LECs should be required to provide the following demand quantities:

- 1) Per line Line Side Ports for DSO, DS1, 2-wire ISDN (BRI) Lines, 4-wire ISDN (PRI) Lines, 2-wire DID Lines and 4-wire DID Lines;
- 2) Dedicated Trunk Ports per trunk for 4-wire ISDN (PRI) Lines, DS0, DS1 and DS3; and
- 3) Shared Trunk Ports for DS0, DS1 and DS3.

The Commission should also require these LECs to provide:

- 4) Explanations and descriptions of all methodologies used to determine network operations and maintenance expenses and how those expenses were divided between port and usage;
- 5) Identification of any nonrecurring charges/expenses included in the accounts that make up switching related maintenance provisioning and network operations expenses;

⁸ Id., para. 319.

- 6) Per line cost of switches by manufacturer and by switch size (total switching investment/total lines); and
- 7) Documentation of switch prices used for LEC cost studies. This documentation should include copies of vendor switching contracts that correspond to the most forward looking least cost switches that the LEC is currently purchasing.

II. Proposals for New TRP Charts for Price Cap LECs

A. TIC Charts

In the Access Reform Order the Commission made substantial progress in its effort to identify and to work toward the disposition of numerous contentious issues surrounding the creation of the residual interconnection charge, now known as the TIC.⁹ To avoid further ongoing disputes in identifying the different components of the TIC, AT&T recommends that the Commission establish a uniform process through which LECs identify and reallocate TIC revenues. AT&T proposes two new TRP Charts, TIC-1 and TIC-2, to identify different components of the TIC in a consistent manner. These proposed Charts are annexed as Attachments A and B, and are further explained in Attachment C. Requiring the LECs to provide their data and calculations as proposed in these charts will ensure that a consistent process is used by the LECs to identify the revenue requirements for specific components of the TIC.

This is important because the Commission has recognized the need to base the reallocation of the tandem switching revenue requirement from the TIC on the initial allocation of the tandem switching revenue requirement. The Commission determined that this revenue requirement is comprised of tandem switching, signaling and tandem port costs. In addition, the Commission concluded that to preclude over-recovery of costs in excess of revenues permitted under price caps, LECs must account for the price cap index ("PCI") changes in a specified manner before removal of these revenues from TIC.¹⁰ AT&T believes that the Commission must similarly require that the LECs utilize the same process for the removal of other components of the TIC.

Specifically, for each TIC component the Commission should require the LECs to compute the value of the reallocation based on the 'initial' amounts that were included in the TIC. The Commission has determined that the specific costs that can be directly identified include the tandem revenue requirement addressed above, the

⁹ Id., paras. 150-243.

¹⁰ Id., paras. 195-198.

reallocations associated with tandem multiplexing, end office analog multiplexing, host remote transmission, COE maintenance, and the use of actual minutes of use.¹¹

The TRP Charts proposed by AT&T will simplify review of a very complex set of related issues and identify potential LEC over-recovery of costs in excess of revenues permitted under price caps. For these reasons, AT&T requests the Commission to include the TIC-1 and TIC-2 Charts in the TRP.

B. TRP Chart for the Removal of Common Transport Subsidy

In the Access Reform Order (paras. 206-209) incumbent LECs are directed to recalculate their common transport rate elements for tandem switched transport using the relative numbers of DS-1 and DS-3 circuits in use in the tandem to end office link, and using actual voice grade equivalent circuit loadings, as opposed to the 9000 minutes of use per voice grade equivalent circuit loading factor used in the development of the initial tandem switched transport rate elements in 1993.

This change recognizes that the actual minutes of use on these facilities on a per voice grade equivalent basis is probably less than 9000 minutes of use, and thus the current rate structure is not likely recovering the full costs of common transport (para. 207). This 9000 minutes of use loading factor has thus contributed to the level of the non-cost-based TIC. AT&T proposes that the LECs should be required to file a TRP Chart, TST-1 (which is annexed as Attachment D), to perform the required recalculations of common transport rate elements for tandem switched transport.

The TST-1 Chart will help in identifying the amount of subsidy that needs to be removed from the TIC element and reassigned to the tandem switched transport common transport per mile and per minute rate elements, using the cost values that were in place at the time of the initial development of the tandem switched transport per minute and per mile rate elements under the 9000 minutes of use loading factor.

The purpose of this chart is to properly identify what the original tandem switched transport per minute and per mile rate elements would have been at the time that they were initially developed, substituting the LEC's *actual* minutes of use per voice grade equivalent trunk for the 9000 minutes of use loading factor prescribed

¹¹ The costs to be reallocated are discussed at in the Access Reform Order, paras. 214-223. The portion of the TIC that must be reallocated pursuant to paragraph 227 does not appear to be directly related to the Commission directives that created the TIC.

at the time. All other factors used in the initial rate development are unchanged. LECs may use their best estimate of what should be the correct minutes of use per voice grade equivalent circuit. The rates developed through the substitution of these actual minutes of use represent the "adjusted rates" on the worksheet.

The difference between the revenues generated by the initial rate and those generated by the adjusted rate using the actual minutes of use represents the amount of revenue that went into the TIC in 1993, and which should now be removed.

C. COE Maintenance Charts

The Commission determined in the Access Reform Order (para. 223) that the current allocation of COE Maintenance expenses (Accts. 6210, 6220 and 6230) produces a misallocation of expenses among access services. Under current rules, COE Maintenance expenses are allocated among separations categories (Part 36), and then access services (Part 69), based on the combined investment in the three categories of COE plant being maintained: CO Switching (Acct. 2210), Operator Systems (Acct. 2220), and CO Transmission (Acct. 2230). As a result, a portion of the expense of maintaining local switches and operator systems is recovered in rates for common line, transport, and special access even though those services do not utilize any local switching or operator systems.

The Access Reform Order requires that COE expenses be allocated based on the individual investments (*i.e.*, allocate 6210 expenses based on 2210 investments) rather than combined COE investments. To correct the misallocation for the January 1, 1998 filing, the Commission modified Part 69.401(b) of its rules so that COE expenses will follow the allocation of the corresponding investment accounts. AT&T requests that the LECs be required to file a TRP Chart, COE-1 (which is annexed as Attachment E), to perform the reallocation of COE costs in a consistent manner.

III. Modification to FCC-Proposed TRP Charts for Price Cap LECs

PCI-1 Chart

In the Access Reform Order, the Commission required two different procedures to calculate the SBI ("Service Band Index") Upper Limits. For some exogenous changes in the PCIs (for example, Marketing exogenous cost changes), SBI Upper Limits of all bands in the baskets will be adjusted equal to the percentage change in PCI. For the TIC reallocation and universal service fund exogenous costs, the Order requires the LECs to compute changes in SBI Upper Limits based on the percentage change in the bands' revenues, instead of percentage change in PCIs.¹² The

¹² Access Reform Order, paras. 228 and 379.

Commission's proposed PCI-1 Chart calculates only one PCI change that includes both the changes that will affect the SBI Upper Limits and the changes that will not affect SBI Upper Limits. To simplify the SBI Upper Limit calculations, the Commission should modify its PCI-1 Chart to separately calculate PCI changes that will produce changes in SBI Upper Limits and PCI changes that will have no impact on the SBI Upper Limit calculations.

CAP-1

A. In the Second Reconsideration Order (para. 31) the Commission clarified PICC rate development for Centrex lines. To comply with this Order, the Commission should modify the CAP-1 Chart by adding the following lines:

Base Period Demand Line Count Inputs:

Line 115	MLB Lines (exc. ISDN and Centrex)
Line 116	ISDN PRI Lines (actual lines)
Line 117	Centrex Lines (actual lines)
Line 120	Total MLB Lines [col.EUCL(b):sum l.115,c.b;l.116,c.b*5;l.117,c.b col.PICC(c):sum l.115,c.b;l.116,c.b*5;l.117,c.b*1/9]

B. In addition, CAP-1 Line Count Inputs should be expanded with Lines 146 thru 154 to show Proposed Demand Line Count Inputs.

Proposed Demand Line Count Inputs:

Line 146	Total Primary Res & SLB Lines(t)
Line 147	Total Non-primary Res & BRI ISDN Lines (t)
Line 148	MLB Lines (exc. ISDN and Centrex)(t)
Line 149	ISDN PRI Lines(t)
Line 150	Centrex Lines(t)
Line 151	Total MLB Lines(t)
Line 152	Total Lifeline Lines(t)
Line 153	Total Local Exchange Lines(t)
Line 154	Total Special Access Surcharge Lines(t)

C. In the Second Reconsideration Order (para. 36), the Commission stated that the PICC charges may be assessed on IXC's serving Centrex customers on a line-to-trunk equivalency basis, except where the multiline business SLC ceiling does not permit the recovery of all interstate-allocated loop costs from the end user. This methodology should be included in the CAP-1.

D. To the extent possible, the Commission should ensure that all Lines with Sources indicated as "Input" be clarified with specific references to data sources or additional lines added to specify calculation methodologies. In addition, the TRP

should have a source referenced for all columns. For example, CAP-1, Line 450, column d has no reference to a source. The Commission should add the proper reference.

E. AT&T also recommends the following changes in the Commission's proposed CAP-1 TRP Chart for proper compliance with the Commission's Docket 96-262 Orders:

1. CAP-1 Line 710, Line 740, Line 750, Line 950 and Line 980, column d "Marketing" requires dollar inputs. Access Reform Order, § 69.156 (b & c) specifies that Marketing expenses may be recovered from non-primary residential and multiline business subscriber lines. AT&T recommends that the above referenced cells be changed to "N/A".
2. CAP-1 Line 810, Maximum PICC Target Revs (Primary Res, Lifeline, & SLB) (t), column c, in the Commission's proposed CAP-1 Chart is calculated by using Line 450 (Max TIC Revenue to be Recovered)-Line 770 (Total Maximum End User Revenue). There are no TIC revenues recovered by EUCL charges so the Commission was correct in labeling the Line 770, column c, N/A. AT&T recommends that the new source reference for Line 810, column c be set at "col. c: l.450, col. c".

CAP-1 Line 860, Maximum PICC Target (NonPrimary Res & BRI ISDN), column d "Source" should be modified to read "col. d: l.630, col. d-l.770, col. d". The current source, l.810-l.840, is not compatible with Marketing, column d, because no Marketing expenses are recovered by Primary Residential and Single Line Business PICCs. Also Line 860 column a needs to incorporate the Marketing expenses in column d.

3. CAP-1 Line 930, Maximum PICC Rate (MLB & PRI ISDN), columns c and d source utilizes Line 920 column b instead of Line 930 column b. AT&T recommends that the cell reference be changed to reflect the same methodology as described in Line 880.

Chart RTE-1

A separate line should be added on the RTE-1 Chart, page 4, under the Interconnection Charge Service Category for Directory Assistance (DA) TIC.¹³

¹³ The LECs should be required to include workpapers in their cost support for the calculation of TIC minutes of use rates, Tandem Routed DA Termination and Facility rates, and Tandem Switching DA rates.

IV. Recovery of Universal Service Expense in End User Common Line Charges ("EUCLs") for Price Cap LECs

Form CAP-1, Lines 500-600 compute a "Common Line Revenue Target Per Line." To conform this calculation to the Access Reform Order, the projected new universal service obligations of the LECs, *i.e.*, "flowback," must be included in the calculation. In the Access Reform Order (para. 378), the Commission directs the LECs to make exogenous adjustments to the Common Line, Trunking and Interexchange baskets in proportion to the end-user revenues in each basket. It states that "because the only interstate revenues that will serve as the basis for assessing universal service contributions in 1998 will be the end-user revenues, we find that price cap LECs recovering their universal service obligation through interstate access charges must recover those contributions in the baskets for services that generate end-user interstate revenues."¹⁴ Hence, to ensure that the recovery of these expenses in the Common Line basket is similarly borne by end users, the flowback must be included in the Common Line Revenue Target Per Line. One way of ensuring that universal service obligations are included as part of target in connection with the proposed TRP would be to include them (Form EXG-1, Line 160, Column i) in the development of the Common Line Revenue Target Per Line on Form CAP-1, Lines 500-600. Because residence lines, and even non-primary residence lines, will for the most part be at their respective caps, the burden of this cost recovery by EUCLs would be borne by multiline business subscribers.

V. Rate-of-Return LEC Issues

The ROR LECs' January 1, 1998 interstate filings will also involve major cost shifts.. The ROR LECs will need to perform cost studies for the following items:

Local Switching: Move Dial Equipment Minute ("DEM") Weighting from Local Switching to New Universal Service Fund.

¹⁴ Applying this criteria to the Trunking basket, the Commission further indicated that because tandem-switched transport, interconnection and tandem-switched signaling bands do not recover end-user revenues, the LECs should not apply the USF exogenous cost adjustments to these bands but rather should recover them only from the four remaining bands that do have end-user revenues. Applying this same criteria to the Common Line basket dictates that universal service-related exogenous costs should first be recovered from end-user common line charges, based on their relative caps, and only the amounts that cannot be recovered from EUCLs should flow to primary interexchange carrier charges ("PICCs") and Carrier Common Line Charges ("CCLCs").

Local Transport:

- 1) Reallocate one-third of tandem costs currently being recovered through TIC to Tandem Switching elements.
- 2) Reallocate SS7 costs from TIC to Local Switching.
- 3) Reallocate cost of host-remote links from TIC to Tandem Switched Transport.
- 4) Eliminate 9000 minutes of use for tandem transport rate development and use actual minutes of use and recover via tandem switched transport rate element.
- 5) Reallocate above revenues from TIC to new rate elements.
- 6) Reallocate certain COE Maintenance costs from Common Line and Local Transport to Local Switching.

Universal Service Fund:

- 1) Reflect new Universal Service Fund amounts for High Cost, Lifeline and Health & Education (NECA only).
- 2) Move Long Term Support to New Universal Service Fund (NECA only).
- 3) Subtract COE Maintenance from current Universal Service Fund formula (NECA only).

The Commission should require the ROR LECs to provide detailed cost support for the above listed cost studies. The Commission should require the same standards for these cost studies that AT&T has requested for price cap LEC cost studies. In addition, the ROR LECs should also be required to provide the following Workpapers as part of their cost support.

RORMDEM-1

This Workpaper should provide Total DEM, Interstate DEM, Intrastate DEM, and Local DEM up through the most current tariff period. In addition, this Workpaper should provide number of switched access lines. This information will allow interested parties to obtain a historical perspective of the unweighted and weighted DEM apportionment for the LEC. Because the LEC must now remove the 1996 DEM weighting from its Local Switching, Category 3 Investment, to the Universal Service Fund, parties will need to determine if the proper amount of weighting has been removed based on historical records. AT&T has included a template of the proposed Workpaper as Attachment F.

RORTPIS-1

This Workpaper will show the trend of Total Company Total Plant in Service (TPIS) and Central Office Equipment Category 3 (Local Switching) investment. This information will allow interested parties to assess the reasonableness of the TPIS filed by the LEC and to verify the amount of investment that has historically been assigned to Local Switching. It will thus assist them in determining whether the proper amount of investment has been assigned to the Universal Service Fund as a result of the removal of the DEM weighting.

ROROPEXP-1

This Workpaper will show trend of number of employees, total company corporate operations expenses and total company operating expenses. This information will assist interested parties in evaluating the reasonableness of the LEC's prospective corporate operations expenses in relation to the LEC's total operating expenses and to the number of full-time and part-time employees from a historical perspective.

RORLTS-1

This Workpaper will show the trend of Long Term Support received. Because the Long Term Support subsidies must now be removed from LEC access charges and assigned to the Universal Service Fund, interested parties require historical information to determine whether the appropriate amount has been identified and reassigned to USF in the January 1, 1998 filing.

RORHCFL-1

This Workpaper will show trend of High Cost Fund and Lifeline Assistance received. Because AT&T will continue to fund in part the Universal Service Fund and Lifeline Assistance program, AT&T requires this information to determine the reasonableness of what the LEC has received historically to what the LEC will be assigning to the USF.

RORTAND-1

This Workpaper will show the LEC's historical cost levels assigned to the local transport revenue requirement, the tandem switching revenue requirement and the TIC. This information will assist interested parties in assessing the reasonableness of these costs in the January 1, 1998 filing. Because the LECs will be required to remove one-third of the tandem switching costs from the TIC, as well as to assign other costs currently residing in the TIC to different elements, AT&T will need to compare the reasonableness of these costs to historical levels. In addition, AT&T is requesting actual tandem minutes of use to determine the reasonableness of the LEC forecast in light of the Commission's requirement to use actual minutes of use (rather than an assumed 9000 minutes of use) to set the per-minute tandem switched transport rates. In addition, the LECs have been ordered to remove the cost of host/remote links and SS7 links and signal transfer points from the TIC and parties also need to be able to evaluate the magnitude of these costs from a historical perspective.

For the reasons stated above, AT&T supports the Bureau's proposals, and requests that the Commission modify the 1998 TRPs and support requirements as described in this letter.

Respectfully submitted,

Judy Sello /ha

Attachments

cc: Jane Jackson
Judy Nitsche
John Scott
R. L. Smith
ITS

Price Cap Tariff Review Plan
1992 INTERSTATE TRANSPORT REVENUE REQUIREMENT:
Including Part 69 GSF Rule Change

Category	FCC 43-04 Source	Allocator Used In Assignment	Total	Exchange Trunk	IX Trunk	Tandem (Original)	SS7	Dedicated Tandem Ports	Other Tandem Reallocations	NET TOTAL TANDEM F-(G+H+I)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Plant in Service										
100 Central Office Equipment	1410		0	0	0	0	0	0	0	0
110 Cat 2 Tandem Equipment	1204	Direct	0	0	0	0	0	0	0	0
120 Cat 4.12 Non-Wideband	1260	Direct	0	0	0	0	0	0	0	0
130 Cat 4.23 IX Circuit	1370	Direct	0	0	0	0	0	0	0	0
140 Cat 4.3 Host Remote	1394	Direct	0	0	0	0	0	0	0	0
150 Cable and Wire Facilities	1530		0	0	0	0	0	0	0	0
160 Cat 2 Exchange Trunk Non-Wdbd	1485	Direct	0	0	0	0	0	0	0	0
170 Cat 3 IX	1510	Direct	0	0	0	0	0	0	0	0
175 Cat 4 Host Remote	1524	Direct	0	0	0	0	0	0	0	0
180 General Support Facilities	1004	Specify	0	0	0	0	0	0	0	0
185 Amortized Assets	1250	Specify	0	0	0	0	0	0	0	0
190 Total Plant in Service (Lines 100+150+180+185)			0	0	0	0	0	0	0	0
OTHER INVESTMENT										
200 Plant Held for Future Use	2190	Specify	0	0	0	0	0	0	0	0
210 TPUC-Short Term	2191	Specify	0	0	0	0	0	0	0	0
220 TPUC-Long Term	2192	Specify	0	0	0	0	0	0	0	0
230 Telephone Plant Acquisition Adj	2193	Specify	0	0	0	0	0	0	0	0
240 Materials and Supplies	2224	Specify	0	0	0	0	0	0	0	0
250 Cash and Working Capital	2230	Specify	0	0	0	0	0	0	0	0
260 FCC Investment Adjustment	2250	Specify	0	0	0	0	0	0	0	0
270 Total Other Investment (Lines 200 to 260)			0	0	0	0	0	0	0	0
RESERVES										
300 Depreciation Reserve	3080	Specify	0	0	0	0	0	0	0	0
310 General Support Facilities	3010	Specify	0	0	0	0	0	0	0	0
320 Central Office Equipment	3020+3030+3040	Specify	0	0	0	0	0	0	0	0
330 Cable and Wire Facilities	3060	Specify	0	0	0	0	0	0	0	0
340 Accumulated Amortization	3270	Specify	0	0	0	0	0	0	0	0
350 Deferred Taxes			0	0	0	0	0	0	0	0
360 General Support Facilities	3280+3350	Specify	0	0	0	0	0	0	0	0
370 Central Office Equipment		Specify	0	0	0	0	0	0	0	0
375 Cable and Wire Facilities		Specify	0	0	0	0	0	0	0	0
380 Customer Deposits		Specify	0	0	0	0	0	0	0	0
385 FCC Reserve Adj.		Specify	0	0	0	0	0	0	0	0
390 Total Reserves (Lines 300+340+350+380+385)			0	0	0	0	0	0	0	0
400 AVERAGE NET INVESTMENT (Lines 190+270-390)			NET INV.	NET INV.	NET INV.	NET INV.	NET INV.	NET INV.	NET INV.	NET INV.
410 AUTHORIZED RATE OF RETURN			11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%
420 RETURN (Lines 400*410)			0	0	0	0	0	0	0	0

Price Cap Tariff Review Plan
1992 INTERSTATE TRANSPORT REVENUE REQUIREMENT:
Including Part 69 GSF Rule Change

Category	FCC 43-04 Source	Allocator Used In Assignment	Total	Exchange Trunk	IX Trunk	Tandem (Original)	SS7	Dedicated Tandem Ports	Other Tandem Reallocations	NET TOTAL TANDEM F-(G+H+I)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
500 Miscellaneous Operating Revenues	4033	Specify	0	0	0	0	0	0	0	0
EXPENSES										
510 Plant Specific Expenses	5080		0	0	0	0	0	0	0	0
520 6110 Network Support Expense	5000	Specify	0	0	0	0	0	0	0	0
530 6120 General Support Expense	5010	Specify	0	0	0	0	0	0	0	0
540 6200 Central Office Equipment Ex.	5026	Specify	0	0	0	0	0	0	0	0
550 6410 Cable and Wire Facility Exp.	5076	Specify	0	0	0	0	0	0	0	0
560 Plant Non-Specific Expenses	6270		0	0	0	0	0	0	0	0
570 6510 Plant Expense-Other	6000	Specify	0	0	0	0	0	0	0	0
580 6530 Network Operations Exp.	6010	Specify	0	0	0	0	0	0	0	0
590 6560 Depreciation Expense	6260		0	0	0	0	0	0	0	0
600 General Support Facilities	6020	Specify	0	0	0	0	0	0	0	0
610 Central Office Equipment	6030+6040+6050	Specify	0	0	0	0	0	0	0	0
620 Cable and Wire Facilities	6070	Specify	0	0	0	0	0	0	0	0
630 Amort Tangible Assets	6240	Specify	0	0	0	0	0	0	0	0
640 Embedded Base	6252	Specify	0	0	0	0	0	0	0	0
650 Customer Operations Expense	7320		0	0	0	0	0	0	0	0
660 6610 Marketing	7000	Specify	0	0	0	0	0	0	0	0
670 6620 Services	7310		0	0	0	0	0	0	0	0
680 Local Bus.Office-IX Related	7211	Specify	0	0	0	0	0	0	0	0
690 Local Bus.Office-End User Related	7207	Specify	0	0	0	0	0	0	0	0
700 Revenue Accounting-Carrier Related	7281	Specify	0	0	0	0	0	0	0	0
710 All Other	7300	Specify	0	0	0	0	0	0	0	0
720 Corporate Operations Expense	7331	Specify	0	0	0	0	0	0	0	0
730 FCC Expense Adjustment	7350+4066	Specify	0	0	0	0	0	0	0	0
740 Special Charges	4072	Specify	0	0	0	0	0	0	0	0
750 Total Expenses	7351		0	0	0	0	0	0	0	0
OPERATING TAXES										
800 Other Taxes	8005	Specify	0	0	0	0	0	0	0	0
810 Fixed Charges	8010	Specify	0	0	0	0	0	0	0	0
820 Fcc Income Adjustments	8014	Specify	0	0	0	0	0	0	0	0
830 IRS Income Adjustments	8013	Specify	0	0	0	0	0	0	0	0
840 Other Income Adj.	Specify	Specify	0	0	0	0	0	0	0	0
850 Investment Tax Credit	8015	Specify	0	0	0	0	0	0	0	0
860 FIT Gross Up Factor .34/(1-.34)	Show Calc.		0	0	0	0	0	0	0	0
870 SIT Gross Up Factor	Show Calc		0	0	0	0	0	0	0	0
875 Net Federal Income Tax Allowance	Specify Calc.		0	0	0	0	0	0	0	0
880 Net State Income Tax Allowance	Specify Calc.		0	0	0	0	0	0	0	0
885 Total Operating Taxes (Lines 810+875+880)			0	0	0	0	0	0	0	0
890 ACCESS REVENUE RQMT (Lines 420+500+750+885)			0	0	0	0	0	0	0	0

Price Cap Tariff Review Plan
1992 INTERSTATE TRANSPORT REVENUE REQUIREMENT:
Including Part 69 GSF Rule Change

Category	FCC 43-04 Source	Allocator Used In Assignment	Total LESS TANDEM	End Office Analog Mux	Host Remote	Tandem MUX	COE Maintenance	Actual Mou Impact	Total Other RIC (D+E+F +G+H)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Plant in Service									
100 Central Office Equipment	1410		0	0	0	0	0	0	0
110 Cat 2 Tandem Equipment	1204	Direct	0	0	0	0	0	0	0
120 Cat 4.12 Non-Wideband	1260	Direct	0	0	0	0	0	0	0
130 Cat 4.23 IX Circuit	1370	Direct	0	0	0	0	0	0	0
140 Cat 4.3 Host Remote	1394	Direct	0	0	0	0	0	0	0
150 Cable and Wire Facilities	1530		0	0	0	0	0	0	0
160 Cat 2 Exchange Trunk Non-Wdbd	1485	Direct	0	0	0	0	0	0	0
170 Cat 3 IX	1510	Direct	0	0	0	0	0	0	0
175 Cat 4 Host Remote	1524	Direct	0	0	0	0	0	0	0
180 General Support Facilities	1004	Specify	0	0	0	0	0	0	0
185 Amortized Assets	1250	Specify	0	0	0	0	0	0	0
190 Total Plant in Service (Lines 100+150+180+185)			0	0	0	0	0	0	0
OTHER INVESTMENT									
200 Plant Held for Future Use	2190	Specify	0	0	0	0	0	0	0
210 TPUC-Short Term	2191	Specify	0	0	0	0	0	0	0
220 TPUC-Long Term	2192	Specify	0	0	0	0	0	0	0
230 Telephone Plant Acquisition Adj	2193	Specify	0	0	0	0	0	0	0
240 Materials and Supplies	2224	Specify	0	0	0	0	0	0	0
250 Cash and Working Capital	2230	Specify	0	0	0	0	0	0	0
260 FCC Investment Adjustment	2250	Specify	0	0	0	0	0	0	0
270 Total Other Investment (Lines 200 to 260)			0	0	0	0	0	0	0
RESERVES									
300 Depreciation Reserve	3080	Specify	0	0	0	0	0	0	0
310 General Support Facilities	3010	Specify	0	0	0	0	0	0	0
320 Central Office Equipment	3020+3030+3040	Specify	0	0	0	0	0	0	0
330 Cable and Wire Facilities	3060	Specify	0	0	0	0	0	0	0
340 Accumulated Amortization	3270	Specify	0	0	0	0	0	0	0
350 Deferred Taxes			0	0	0	0	0	0	0
360 General Support Facilities	3280+3350	Specify	0	0	0	0	0	0	0
370 Central Office Equipment		Specify	0	0	0	0	0	0	0
375 Cable and Wire Facilities		Specify	0	0	0	0	0	0	0
380 Customer Deposits		Specify	0	0	0	0	0	0	0
385 FCC Reserve Adj.		Specify	0	0	0	0	0	0	0
390 Total Reserves (Lines 300+340+350+380+385)			0	0	0	0	0	0	0
400 AVERAGE NET INVESTMENT (Lines 190+270-390)			0	0	0	0	0	0	0
410 AUTHORIZED RATE OF RETURN			11.25%	11.25%	11.25%	11.25%	11.25%	N/A	11.25%
420 RETURN (Lines 400*410)			0	0	0	0	0	0	0

Price Cap Tariff Review Plan
1992 INTERSTATE TRANSPORT REVENUE REQUIREMENT:
Including Part 69 GSF Rule Change

Category	FCC 43-04 Source	Allocator Used In Assignment	Total LESS TANDEM	End Office Analog Mux	Host Remote	Tandem MUX	COE Maintenance	Actual Mou Impact	Total Other RIC (D+E+F +G+H)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
500 Miscellaneous Operating Revenues	4033	Specify	0	0	0	0	0	0	0
EXPENSES									
510 Plant Specific Expenses	5080		0	0	0	0	0	N/A	0
520 6110 Network Support Expense	5000	Specify	0	0	0	0	0	N/A	0
530 6120 General Support Expense	5010	Specify	0	0	0	0	0	N/A	0
540 6200 Central Office Equipment Ex.	5026	Specify	0	0	0	0	0	N/A	0
550 6410 Cable and Wire Facility Exp.	5076	Specify	0	0	0	0	0	N/A	0
560 Plant Non-Specific Expenses	6270		0	0	0	0	0	N/A	0
570 6510 Plant Expense-Other	6000	Specify	0	0	0	0	0	N/A	0
580 6530 Network Operations Exp.	6010	Specify	0	0	0	0	0	N/A	0
590 6560 Depreciation Expense	6260		0	0	0	0	0	N/A	0
600 General Support Facilities	6020	Specify	0	0	0	0	0	N/A	0
610 Central Office Equipment	6030+6040+6050	Specify	0	0	0	0	0	N/A	0
620 Cable and Wire Facilities	6070	Specify	0	0	0	0	0	N/A	0
630 Amort Tangible Assets	6240	Specify	0	0	0	0	0	N/A	0
640 Embedded Base	6252	Specify	0	0	0	0	0	N/A	0
650 Customer Operations Expense	7320		0	0	0	0	0	N/A	0
660 6610 Marketing *	7000	Specify	0	0	0	0	0	N/A	0
670 6620 Services	7310		0	0	0	0	0	N/A	0
680 Local Bus.Office-IX Related	7211	Specify	0	0	0	0	0	N/A	0
690 Local Bus.Office-End User Related	7207	Specify	0	0	0	0	0	N/A	0
700 Revenue Accounting-Carrier Related	7281	Specify	0	0	0	0	0	N/A	0
710 All Other	7300	Specify	0	0	0	0	0	N/A	0
720 Corporate Operations Expense	7331	Specify	0	0	0	0	0	N/A	0
730 FCC Expense Adjustment	7350+4066	Specify	0	0	0	0	0	N/A	0
740 Special Charges	4072	Specify	0	0	0	0	0	N/A	0
750 Total Expenses	7351		0	0	0	0	0	N/A	0
OPERATING TAXES									
800 Other Taxes	8005	Specify	0	0	0	0	0	N/A	0
810 Fixed Charges	8010	Specify	0	0	0	0	0	N/A	0
820 Fcc Income Adjustments	8014	Specify	0	0	0	0	0	N/A	0
830 IRS Income Adjustments	8013	Specify	0	0	0	0	0	N/A	0
840 Other Income Adj.	Specify	Specify	0	0	0	0	0	N/A	0
850 Investment Tax Credit	8015	Specify	0	0	0	0	0	N/A	0
860 FIT Gross Up Factor .34/(1-.34)	Show Calc.		0	0	0	0	0	N/A	0
870 SIT Gross Up Factor	Show Calc.		0	0	0	0	0	N/A	0
875 Net Federal Income Tax Allowance	Specify Calc.		0	0	0	0	0	N/A	0
880 Net State Income Tax Allowance	Specify Calc.		0	0	0	0	0	N/A	0
885 Total Operating Taxes (Lines 810+875+880)			0	0	0	0	0	N/A	0
890 ACCESS REVENUE RQMT (Lines 420+500+750+885)			0	0	0	0	0	N/A	0

DESCRIPTIONS OF TIC-1 AND TIC-2 Charts

The Transport Revenue Requirement is based on Parts 36 and Part 69 of the Commission's Rules. Investment costs associated with transport includes facilities associated with exchange and interexchange trunk circuit equipment, exchange, interexchange and Host Remote Cable and Wire and Tandem Switching equipment. The investment, reserves and expenses flow to the identified costs on the basis of the direct investments and allocators that are used to distribute the various items that comprise the overall revenue requirement. The following provides a description of each element and its relationship to the direct cost the Commission has identified. For each column the LEC should populate the specific dollar amounts that are associated with each of the cost components that were misallocated to the RIC.

TIC-1 Chart

Column A = A simple notational line number.

Column B = The Category Description of the investment and expense.

Column C = The FCC ARMIS 43-04 line number that reports the Column B description.

Column D = The Allocator the LEC used to assign the category investment, reserves and expenses to the elements that comprise the related reallocation of costs.

Column E = The Total Interstate Transport Revenue Requirement used to derive the "initial" tandem Revenue Requirement.

Column F = The dollar amount assigned to the Exchange Trunk category by the Column D allocator.

Column G = The dollar amount assigned to the Interexchange Trunk category by the Column D allocator. For example, Category 4.23 equipment would be expected to be directly assigned to IX trunk.

Column H = The dollars amounts assigned by the Col. D. allocator to tandem switching. The total Revenue Requirement in Column H should equal the "initial" total tandem revenue requirement identified by the LEC in its 1993 workpapers that supported

Column I = The dollar amount associated with signaling that is to be assigned to other rate elements. The sum of Column H equal the gross amount of signaling revenue requirement LECs must reassign to other rate elements.

Column J = The dollar amount of Tandem Switching assigned to tandem ports. The dollar value should equal the gross tandem port amounts that should be reassigned to other rate elements. The gross amount must subsequently be adjusted to reflect the operation of the X-factor.

Column K = Other Tandem Reallocations. Where a LEC believes that additional costs should be moved out of the tandem revenue requirement, it should specify and explain all relevant details.

Column L = Is the gross dollar amount that remains in the access tandem revenue requirement. 1/3 of the X-factor adjusted amount that was initially moved to the RIC must be moved to the tandem revenue requirement.

TIC-2 Chart

Column A = A simple notational line number .

Column B= The Category Description of the investment and expense.

Column C= The FCC ARMIS 43-04 line number that reports the Column B description.

Column D = The Allocator the LEC used to assign the category investment, reserves and expenses to the elements that comprise the related reallocation of costs.

Column E = The Total Revenue Requirement identified in Column E less the 'initial' revenue requirement assigned to tandem switching. This is the maximum remaining cost related TIC.

Column F = The allocation of dollar amounts assigned by the Col. D allocator to End Office Analog Multiplexing. The revenue requirement associated with Column S should equal the gross End Office Analog multiplexing revenue requirement that was embedded in the initial TIC.

Column G = The allocation of dollar amounts assigned by the Col. D allocator to Host Remote. Again the total revenue requirement should equal the gross Host Remote amounts that were part of the initial TIC.

Column H = The allocation of dollar amounts assigned by the Col. D allocator to tandem multiplexing. The total Revenue Requirement in Column R should equal the gross tandem multiplexing revenue requirement that was embedded in the initial TIC.

Column I = The net allocation of the dollar amounts associated with the correct assignment of COE maintenance expense.

Column J = The impact associated with use of actual MOU. The amount to report on Line 73 should be equal to the calculation of the total RIC MOU impact appearing on Line 35 of the Adjustments to the TIC revenue requirement.

TST-1

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Attachment D

Minutes of Use TIC Adjustment

<u>Line #</u>	<u>Rate Development Item</u>	<u>Formula</u>	<u>Amount</u>	<u>Source</u>
1	DS3 DTT Channel Mileage- Fixed rate		\$0	Rate used in 1993 LTR Filing
1A	Average MOU per VG Equivalent Base Year 1992		\$0	
2	DS3-DS1 Mux Rate		\$0	Rate used in 1993 LTR Filing
3	DS3 Fixed Sum Rate	Line 1 + Line 2	\$0	
4	DS3 Assumed MOU per VG Equivalent Trunk	Line 1A* 672	0	
5	DS3 Fixed Rate Per MOU Equivalent	Line 3 / Line 4	\$0	
6	Fiber Deployment %		0.00%	ARMIS 43-07 data from 1993 LTR Filing
7	DS3 Weighted Fixed Rate per MOU Equivalent	Line 5 * Line 6	\$0	
8	DS3 DTT Channel Mileage- Per Mile Rate		\$0	Rate used in 1993 LTR Filing
9	DS3 Assumed MOU per VG Equivalent Trunk	Line 1A* 672	0	
10	DS3 Per Mile Rate Per MOU Equivalent	Line 8 / Line 9	\$0	
11	Fiber Deployment %		0.00%	ARMIS 43-07 data from 1993 LTR Filing
12	DS3 Weighted Per Mile Rate per MOU Equivalent	Line 10 * Line 11	\$0	
13	DS1 DTT Channel Mileage- Fixed rate		\$0	Rate used in 1993 LTR Filing
14	DS1 Assumed MOU per VG Equivalent Trunk	Line 1A *24	0	Rate used in 1993 LTR Filing
15	DS1 Fixed Rate Per MOU Equivalent	Line 13 / Line 14	\$0	
16	Copper Deployment %		0.00%	ARMIS 43-07 data from 1993 LTR Filing
17	DS1 Weighted Fixed Rate per MOU Equivalent	Line 15 * Line 16	\$0	
18	DS1 DTT Channel Mileage- Per Mile Rate		\$0	Rate used in 1993 LTR Filing
19	DS1 Assumed MOU per VG Equivalent Trunk	Line 1A *24	0	
20	DS1 Per Mile Rate Per MOU Equivalent	Line 18 / Line 19	\$0	
21	Copper Deployment %		0.00%	ARMIS 43-07 data from 1993 LTR Filing
22	DS1 Weighted Per Mile Rate per MOU Equivalent	Line 20 * Line 21	\$0	
23	Adjusted Tandem Switched Transport Rate per Minute	Line 7 + Line 17	\$0	
24	Adjusted Tandem Switched Transport Rate per Minute per Mile	Line 12 + Line 22	\$0	
25	Initial Tandem Switched Transport Rate per Minute		\$0	Rate developed in 1993 LTR Filing
26	Initial Tandem Switched Transport Rate per Minute per Mile		\$0	Rate developed in 1993 LTR Filing
27	Initial Switched Transport Minutes of Use		0	from 1993 LTR Filing
28	Initial Switched Transport Minute/Miles		0	from 1993 LTR Filing
29	Initial Revenue Per Minute of Use	Line 25* Line 27	\$0	
30	Initial Revenue Per Minute of Use/ Per Mile	Line 26 * Line 28	\$0	
31	Adjusted Revenue Per Minute of Use	Line 23 * Line 27	\$0	
32	Adjusted Revenue Per Minute of Use/ Per Mile	Line 24 * Line 28	\$0	
33	Net Revenue Change Per Minute of Use	Line 29 - Line 31	\$0	
34	Net Revenue Change Per Minute Per Mile	Line 30 - Line 32	\$0	
35	Total Net Revenue Change (to be removed from TIC)	Line 33 + Line 34	\$0	

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Price Cap Tariff Review Plan Calculation of COE Investment

[illegible]

RORMDEM-1
Verification of MDEM

	(a)	(b)	(c)	(d=(a+b+c))	(e=a/d)	(f)	(g)	(h=e*g)
	Interstate DEM	Intrastate DEM	Local DEM	Total DEM	Interstate MDEM Factor	No. of Switched Access Lines	Part 36.125(e) Historical Weighting	Interstate WDEM Factor
1991								
1992								
1993								
1994								
1995								
1996								
YTD 1997								